



HOUSE OF REPRESENTATIVES

H. No. 1

BY REPRESENTATIVES ROMUALDEZ (F.M.), ROMUALDEZ (Y.M.), MARCOS, ACIDRE, TIENG, ANG, SALCEDA, DUTERTE, YAP (ERIC), YAP (EDVIC), SORIANO, CUA, PALMA, TY, LEGARDA, VILLARICA, DELOS SANTOS, VILLA, ALBA, ABALOS, LEE, GUINTU, TARRIELA, ABANTE, FARIÑAS, RODRIGUEZ (E.), KHO (O.), KHO (R.), RODRIGUEZ (R.), LARA, TAMBUNTING, VILLAFUERTE (L.R.), VILLAFUERTE (M.L.), HORIBATA, ENCISO, LUISTRO, CHUNGALAO, REYES, SALIMBANGON, SUANSING (M.A.), ORDANES, GO (M.), VERGARA, LAGON (S.), PADUANO, DAGOOC, CAGAS, GATO, DEFENSOR, BERNOS, DIONISIO, CALDERON, GUTIERREZ, BRIONES, BASCUG, HARESCO, GORRICETA, CRUZ (A.), DAYANGHIRANG, NOEL, VERZOSA, FUENTEBELLA, ALVAREZ (M.), CO (E.), QUIMBO, SINGSON-MEEHAN, ALBANO, SUAREZ, ALVAREZ (J.), AQUINO, ARENAS, BAUTISTA-LIM, BONGALON, CABREDO, CAJAYON-UY, CELESTE, CUARESMA, DUJALI, ESPINA, GO (E.C.), GONZAGA, LOYOLA, MATUGAS, MOMO, NAVA, SINGSON (R.V.), TIANGCO, UMALI, YU (D.G.), ZAMORA (M.C.), ZUBIRI, ADIONG, ADVINCULA, ALMARIO, AMANTE, ASISTIO, AUMENTADO, BOSITA, BUSTOS, CHATTO, CO-PILAR, COJUANGCO (J.), CRUZ (R.), DIMAPORO (S.A.), EUDELA, FORTES, FRESNEDI, GARCIA (D.), GARCIA (M.A.), GARDIOLA, GOLEZ, HERNANDEZ, KHONGHUN, LAGON (D.), LAZATIN, MACEDA, MANGAOANG, MANIQUIZ, MASTURA, MATIBAG, NOGRALES (M.I.), OUANO-DIZON, PANALIGAN, PANCHO, PLEYTO, REVILLA (R.J.), SALLI, SANTOS, TAN (J.), TANCHAY, TULFO (J.), VARGAS, YAP (C.), ENVERGA, ESCUDERO, GASATAYA, MARIANO-HERNANDEZ, MARIÑO, MARQUEZ, MIGUEL, ROMULO, ROQUE, SAULOG, YAP (C.T.), TAN-TAMBU, ROMUALDO, RIVERA, OAMINAL, TAN (K.M.), ONGCHUAN, ACHARON, FLORES, MERCADO-REVILLA, ATAYDE, CARI, TANJUATCO, SINGSON (R.), TUTOR, DY (F.), YU (J.V.), RAMA AND DALIPE, PER COMMITTEE REPORT NO. 211

AN ACT
PROVIDING FOR GOVERNMENT FINANCIAL INSTITUTIONS
UNIFIED INITIATIVES TO DISTRESSED ENTERPRISES FOR ECONOMIC RECOVERY
(GUIDE)

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 Section 1. *Title.* – This Act shall be known as the “Government Financial Institutions (GFIs)
2 Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Act.”
3

4 Sec. 2. *Declaration of Policy.* – The substantial disruption of the economy due to the
5 community quarantine measures restricted the operation of numerous businesses.
6

7 The State recognizes the role of these businesses composed of micro, small and medium
8 enterprises (MSMEs) and strategically important companies in providing employment to the Filipino
9 people and in supporting the Philippine economy. Thus, it is essential that these enterprises are given
10 necessary access to credit and financial assistance. It is hereby declared the policy of the State to
11 protect employment and assist distressed enterprises in order to reinvigorate the economy.

1 ~~Government shall initially subscribe to One hundred twenty five million~~
2 ~~(P125,000,000) common shares of stock worth Twelve billion five hundred million~~
3 ~~pesos (P12,500,000,000.00), Five billion pesos (P5,000,000,000.00) of which shall~~
4 ~~be deemed paid for by the government and the balance shall be paid for by the~~
5 ~~government out of the stock dividends to be declared by the Bank from its~~
6 ~~unappropriated retained earnings: Provided, That the dividends due the national~~
7 ~~government pursuant to Republic Act No. 7656 shall first be paid.] PROVIDED,~~
8 **THAT THE PRESIDENT OF THE PHILIPPINES MAY APPROVE THE**
9 **INCREASE IN THE CAPITALIZATION OF THE BANK, UPON THE**
10 **RECOMMENDATION OF THE BOARD AND THE CONCURRENCE OF**
11 **THE SECRETARY OF FINANCE, UP TO SUCH AN AMOUNT AS MAY BE**
12 **NECESSARY TO ATTAIN THE OBJECTIVES OF THIS CHARTER.”**

13 14 **CHAPTER 2 Land Bank of the Philippines**

15
16 *Sec. 7. Loan Assistance Program of the Land Bank of the Philippines (LandBank).* – The
17 LandBank shall expand its loan program for qualified MSMEs affected by significant economic
18 challenges of national or international scope: *Provided,* That such loans shall be granted in accordance
19 with the rules and regulations that shall be issued to implement this Act and the following guidelines:

- 20
21 (a) Eligible MSMEs under this Act should be engaged in activities in the agribusiness value
22 chain; and
23
24 (b) The loans granted hereunder should comply with the applicable prudential standards and
25 regulations of the BSP.
26

27 The LandBank shall likewise extend loans to LGUs subject to existing rules and regulations.
28

29 *Sec. 8. LandBank Rediscounting and other Programs.* – Subject to applicable prudential
30 standards and regulations of the BSP, the LandBank may rediscount loans to eligible MSMEs engaged
31 in activities in the agribusiness value chain granted by BSFIs, the SBC, and those granted pursuant to
32 credit programs of the DA-ACPC to MSMEs affected by significant economic challenges of national
33 or international scope. The LandBank shall also offer to restructure its own loans to qualified MSMEs
34 as provided under this Act.
35

36 The LandBank may undertake other similar activities for purposes of this Act as may be
37 provided under the implementing rules and regulations to be issued.
38

39 *Sec. 9. Rehabilitation of MSMEs.* – An MSME, as defined under this Act, at risk of, or facing
40 actual insolvency, by itself or jointly with creditors, may voluntarily request the assistance of the
41 Department of Trade and Industry (DTI), in the case of non-corporation MSMEs, or of the SEC, in
42 the case of corporations, for assistance in formulating and agreeing upon a voluntary financial
43 rehabilitation plan.
44

45 The plan shall be endorsed or approved by creditors holding at least two-thirds (2/3) of the
46 total liabilities of the debtor, including secured creditors holding more than fifty percent (50%) of the
47 total secured claims of the debtor and unsecured creditors holding more than fifty percent (50%) of
48 the total unsecured claims of the debtor.
49

50 The request for assistance shall include, as a minimum:

- 51
52 (a) a schedule of the debtor's debts and liabilities;
53 (b) an inventory of the debtor's assets;
54 (c) the pre-negotiated voluntary financial rehabilitation plan, including the names of at least three
55 (3) qualified nominees for rehabilitation receiver; and

1 (d) a summary of disputed claims against the debtor and a report on the provisioning of funds to
2 account for appropriate payments should any such claims be ruled valid or their amounts
3 adjusted.

4 Feasible voluntary financial rehabilitation plans shall be endorsed by the DTI or the SEC to
5 the LandBank of the Philippines, the Development Bank of the Philippines, and other government
6 financial institutions, which shall extend the necessary rediscounting or restructuring loans necessary
7 to implement the voluntary financial rehabilitation plan.
8

9 The voluntary financial rehabilitation plan under this section shall only be binding to debtors
10 and creditors that formally signify to the plan. The voluntary financial rehabilitation plan shall neither
11 require the court approvals mandated for action initiated under Republic Act No. 10142 or the
12 Financial Rehabilitation and Insolvency Act (FRIA) of 2010, nor preclude the MSME from
13 undertaking action under the same Act.
14
15

16 CHAPTER 3 Miscellaneous Provisions 17

18 Sec. 10. *Ratios, Ceilings, and Limitations.* – For purposes of this Act, the Monetary Board
19 may exempt DBP and LandBank from such ratios, ceilings and limitations, provided under Republic
20 Act No. 8791 or the “The General Banking Law of 2000,” for a period as may be determined by the
21 Monetary Board, subject to conditions as may be prescribed by the Monetary Board such as, but not
22 limited to, the adoption of appropriate risk management measures to mitigate risks that may arise from
23 the implementation of this law.
24

25 Sec. 11. *Appropriations.* – The amount of Ten Billion Pesos (PhP10,000,000,000.00) is
26 hereby appropriated out of any funds actually available in the National Treasury of the Philippines not
27 otherwise appropriated, as certified by the National Treasurer, to fund the following:
28

29 (a) The amount of Two Billion Five Hundred Million Pesos (PhP2,500,000,000.00) for the
30 implementation of Chapters 1 and 3 of this Act: *Provided*, That this amount shall be applied as
31 additional paid-up capital of the DBP, for the purposes of lending under the loan assistance program to
32 qualified MSMEs, its rediscounting and other programs.
33

34 (b) The amount of Seven Billion Five Hundred Million Pesos (PhP7,500,000,000.00) for the
35 implementation of Chapters 2 and 3 of this Act: *Provided*, That this amount shall be applied as
36 additional paid-up capital of LandBank, for the purposes of lending under the loan assistance program
37 to qualified MSMEs, rediscounting and other programs of LandBank.
38

39 Sec. 12. *Implementing Rules and Regulations.* – Within thirty (30) days from the effectivity of
40 this Act, the DOF, together with the BIR, the BSP, the SEC, the DBP, and the LandBank shall jointly
41 promulgate the necessary rules and regulations for the effective implementation of this Act: *Provided*,
42 That the DOF may call upon any agency to provide information or assistance in the drafting of the
43 rules and regulations: *Provided, further*, That within thirty (30) days from the effectivity of this Act,
44 the DOF, upon recommendation of the BIR, shall promulgate the revenue regulations implementing
45 the fiscal incentives under this Act.
46

47 Sec. 13. *Oversight Committee.* – There is hereby created a Joint Congressional Oversight
48 Committee (JCOC) to oversee, monitor, and evaluate the implementation of this Act. The JCOC shall
49 be composed of five (5) members each from the House of Representatives and from the Senate. The
50 JCOC shall be co-chaired by the Chairpersons of the House Committee on Banks and Financial
51 Intermediaries and the Senate Committee on Banks, Financial Institutions and Currencies.
52

53 The Speaker and the Senate President shall designate the other four members of the JCOC of
54 the House and the Senate from among the members of the House Committee on Banks and Financial

1 Intermediaries and the Senate Committee on Banks, Financial Institutions, and Currencies, at least one
2 member of which shall be from the minority.

3
4 Sec. 14. *Separability Clause.* – If any provision of this Act is held unconstitutional or invalid,
5 all other provisions not affected thereby shall remain valid.

6
7 Sec. 15. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations or parts
8 thereof, which are inconsistent with this Act, are hereby repealed, amended or modified accordingly.

9
10 Sec. 16. *Effectivity.* – This Act shall take effect immediately upon its publication in the
11 *Official Gazette* or in a newspaper of general circulation.

Approved,